

19299-K

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

November 8, 1996

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are four (4) copies of a Security Agreement Supplement No. 4, dated as of November 8, 1996, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Security Agreement which was previously filed with the Commission under Recordation Number 19299-A.

The names and addresses of the parties to the enclosed document are:

Debtor: Bangor & Aroostook Railroad Company
Route 2
Bangor, Maine 04401

Secured Party: The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas
New York, New York 10036

A description of the railroad equipment lease covered by the enclosed document is: the Equipment Lease, dated as of November 1, 1996, between Compass Rail II, Lessor, and Bangor & Aroostook Railroad Company, Lessee, filed with the Board under Recordation Number 20358.

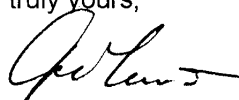
Countersigned - E. C. Alvord

Mr. Vernon A. Williams
November 8, 1996
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Also enclosed is a check in the amount of \$22.00 payable to the order of the
Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Alvord", written in dark ink.

Robert W. Alvord

RWA/bg
Enclosures

19299-K

SECURITY AGREEMENT SUPPLEMENT NO. 4

Dated as of November 8, 1996

between

THE CIT GROUP/EQUIPMENT FINANCING, INC.
Secured Party

and

BANGOR & AROOSTOOK RAILROAD COMPANY,
Debtor

TO THE EXTENT, IF ANY, THAT THIS SECURITY AGREEMENT SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS SECURITY AGREEMENT SUPPLEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART IDENTIFIED AS ORIGINAL CHATTEL PAPER COUNTERPART EXECUTED BY THE CIT GROUP/EQUIPMENT FINANCING, INC., AS SECURED PARTY, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE SURFACE TRANSPORTATION BOARD PURSUANT TO 49 U.S.C. §11301 ON
NOVEMBER 8, 1996 AT 2:10 PM RECORDATION NUMBER _____

SECURITY AGREEMENT SUPPLEMENT NO. 4

THIS SECURITY AGREEMENT SUPPLEMENT NO. 4 (the "*Supplement*"), dated as of November 8, 1996, is made by and between BANGOR & AROOSTOOK RAILROAD COMPANY, a Maine corporation (together with its successors and assigns, "*Debtor*"), and THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (together with its successors and assigns, "*Secured Party*").

RECITALS

A. Debtor and Secured Party have entered into that certain Credit Extension Agreement dated as of March 15, 1995 (the "*Credit Extension Agreement*"), that provides, subject to the terms and conditions thereof, for Secured Party to make a Loan to, and enter into a Lease with, Debtor.

B. Debtor and Secured Party have entered into that certain Security Agreement dated as of March 15, 1995 (the "*Security Agreement*") that was recorded with the Interstate Commerce Commission on March 17, 1995 at 11:00 a.m. and given Recordation Number 19299-A, pursuant to which, Debtor granted a security interest in the Collateral therein described to secure all of Debtor's Obligations (as defined therein).

C. Debtor and Secured Party desire to supplement the Security Agreement by adding to the list of equipment leases in which Debtor holds a leasehold interest (as set forth in Schedule 2 thereto) reference to that certain Railroad Equipment Lease Agreement, dated as of November 1, 1996 between Compass Rail II, as lessor, and Debtor, as lessee (the "*Compass Rail II Lease*").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees with Secured Party as follows:

SECTION 1. Definitions.

(a) Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given to such terms in the Credit Extension Agreement.

(b) Unless otherwise defined herein, all terms defined in Article 9 of the Uniform Commercial Code in effect as of the date hereof in the State of Maine are used herein as therein defined.

SECTION 2. Supplement to Security Agreement. Schedule 2 to the Security Agreement is hereby supplemented by adding to the list of equipment leases in which Debtor holds a leasehold interest, the following reference to the Compass Rail II Lease, immediately following the last equipment lease listed in said Schedule 2 (that is, "21. Equipment Lease dated as of June 28, 1996 between Residual Based Finance Corporation, Lessor, and Bangor & Aroostook Railroad Company, Lessee."):

"22. Railroad Equipment Lease Agreement dated as of November 1, 1996 between Compass Rail II, Lessor, and Bangor and Aroostook Railroad Company, Lessee".

SECTION 3. Reference to and Effect on the Security Agreement.

(a) On and after the date of this Supplement, each reference in the Security Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Security Agreement in the other Operative Agreements, shall mean a reference to the Security Agreement as supplemented hereby. All of the terms, provisions and conditions of the Security Agreement are hereby incorporated herein and made a part hereof as if such terms, provisions and conditions were set forth in full in this Supplement. This Supplement, the Security Agreement, the Credit Extension Agreement and the other documents referred to in the Credit Extension Agreement embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings relating to the subject matter hereof.

(b) Except as specifically supplemented above, the Security Agreement and all other Operative Agreements, shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, the Security Agreement and all Collateral described therein do and shall continue to secure the payment of all obligations of BAR under the Credit Extension Agreement as supplemented hereby and under the other Operative Agreements.

(c) The execution, delivery and effectiveness of this Supplement shall not operate as a waiver of any right, power or remedy of Secured Party under the Credit Extension Agreement and all other Operative Agreements.

SECTION 4. Reference to and Effect on the Security Agreement. This Supplement may be amended only by an agreement in writing duly executed by the parties hereto. The headings of the paragraphs of this Supplement are for convenience only and do not constitute a part of this Supplement. This Supplement shall be governed by, and construed and enforced in accordance with the laws of the State of Maine. This Supplement shall be binding upon the parties hereto and their successors and assigns. This Supplement may be executed in several counterparts, each of which when executed and delivered shall be an original and such counterparts together shall constitute one and the same instrument.

SENT BY:


10-25-96 ; 2:55PM ;

TMJB NY-

2022968434:# 6

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

BANGOR & AROOSTOOK RAILROAD
COMPANY, a Maine corporation

By: 
Name: Robert T. Schmidt
Title: President & CEO

THE CIT GROUP/EQUIPMENT
FINANCING, INC., a New York corporation

By: _____
Name: _____
Title: _____

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10/25 '96 14:49

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

BANGOR & AROOSTOOK RAILROAD
COMPANY, a Maine corporation

By: _____
Name: _____
Title: _____

THE CIT GROUP/EQUIPMENT
FINANCING, INC., a New York corporation

By: Susan M. Mee
Name: SUSAN M. MEE
Title: Vice President

SENT BY:

10-25-96 : 2:55PM :

TMJB NY+

2022968434:# 8

DISTRICT OF COLUMBIA) ss
)
)

On this 25th day of October, 1996, before me personally appeared Robert T. Schmitz to me personally known, who being by me duly sworn, says that he/she is Pres. & CEO of BANGOR & AROOSTOOK RAILROAD COMPANY, a Maine corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Patricia Vail Dellonte

Notary Public

PATRICIA VAIL DELLONTE

Notary Public, District of Columbia

My Commission Expires ~~My Commission Expires~~ September 14, 1999

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10/25 '96 14:49

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss

On this ____ day of _____, 1996, before me personally appeared Susan W. Lee, to me personally known, who being by me duly sworn, says that he/she is the Vice President of THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

Lisa Tani

My Commission Expires: February 24, 1998

LISA TANI
NOTARY PUBLIC, STATE OF NEW YORK
NO. 41-4992286
QUALIFIED IN QUEENS COUNTY
COMMISSION EXPIRES FEBRUARY 24, 1998